

Legal & General All Stocks Gilt Index Trust

**Interim Manager's Report  
for the period ended  
24 November 2017  
(Unaudited)**

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# Manager's Investment Report

## Investment Objective and Policy

The investment objective of this Trust is to track the total return of UK Government Securities, as represented by the FTSE Actuaries British Government All Stocks Index after adjustment for management charges and taxation, by investment in a representative sample of stocks.

## Manager's Investment Report

During the period under review, the bid price of the Trust's I-Class accumulation units fell by 1.39%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Trust has been revalued using closing prices and adjusted for Trust charges and taxation. On this basis over the review period, the Trust fell by 1.13% compared with the Index fall of 1.09% (Source: Bloomberg), producing a tracking difference of -0.04%.

**Past performance is not a guide to future performance.**

**The value of investments and any income from them may go down as well as up.**

The FTSE Actuaries UK Government Securities All Stocks Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

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## Market/Economic Review

The major international bond markets have struggled to make headway over the last six months, as investors began to discount an end to the low growth, low inflation environment that has prevailed since the global financial crisis. The Federal Reserve (Fed) sanctioned a gradual tightening of monetary policy, raising interest rates in June and signalling a further rate hike prior to the year-end. The Fed also began unwinding its asset purchase programme, known as quantitative easing (QE), in October. Although the European Central Bank (ECB) announced it would taper its QE programme from January, the ECB commented it stood ready to extend QE beyond next September if necessary. The Bank of Japan's (BOJ) negative interest rate policy, and its announcement that it will intervene if necessary to keep the yield on benchmark 10-year bonds at around 0%, underpinned Japanese government bonds. Conventional gilts ended the period lower, as did index-linked securities. In the UK, inflation accelerated to its highest level for over five years in September, as the depreciation in Sterling since last year's EU referendum has fed through to import prices.

With UK economic growth remaining relatively subdued compared to both last year and to the recent performance of leading Eurozone economies, gilt prices firmed amid expectations that inflation will soon peak and see the Bank of England embark on a period of only gradual and limited rises in borrowing costs.

## Trust Review

All investment activity was prompted either by unit holder investment or redemption, or by changes in the profile of the benchmark.

During the review period there were 15 gilt auctions and 1 syndication, raising a total of

## Manager's Investment Report continued

£45.3 billion for government funding. The bond issued by syndication was a tap of the 2½% Treasury Gilt 2065 for £4bn nominal in September. One new bond was issued by auction – the 0¾% Treasury Gilt 2023, for approximately £3.2bn nominal in July, and was the subject of 3 further auctions over the period. Two bonds were redeemed – the 8¾% Treasury Gilt August 2017 and the 1% Treasury Gilt September 2017. Each auction, syndication and redemption resulted in a change to the constituent weightings of the benchmark Index and required the Trust to be rebalanced in line with the revised Index distribution.

The Trust experienced net negative cash flow during the period. The cash flows were used to adjust the Trust's holdings in such a way so as to ensure the Trust maintained the Index distribution at all times.

### Outlook

With low government bond yields and few obvious risks on the immediate horizon, many investors are chasing yields with strong inflows to risky asset classes. This benign environment is being reflected in tight credit valuations and low implied equity volatility. In the UK, the 5 year high in inflation will necessitate further rate hikes, however, if rates rise too fast, the economy could be hurt should downside risks materialise. The Bank of England increased interest rates by 0.25% to 0.5% on 2nd November, but was keen to stress that inflation would not return to target unless interest rates were hiked further. This is consistent with our own expectation of slow rate hikes.

Against this backdrop of expected tightening of monetary policy, the Trust remains well positioned to capture the performance of the Index.

Legal & General Investment Management Limited  
(Investment Adviser)  
19 December 2017

## Authorised Status

### Authorised Status

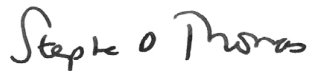
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven  
(Director)



S. D. Thomas  
(Director)

Legal & General (Unit Trust Managers) Limited  
12 January 2018

## Portfolio Statement

### Portfolio Statement as at 24 November 2017

All investments are in investment grade securities unless otherwise stated. The percentages in brackets show the equivalent holdings at 25 May 2017.

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>GOVERNMENT BONDS</b>			
<b>— 97.35% (97.73%)</b>			
<b>Short Dated — 32.35% (31.29%)</b>			
GBP26,437,436	United Kingdom Gilt 5% 07/03/2018	26,783,291	2.45
GBP26,660,000	United Kingdom Gilt 1.25% 22/07/2018	26,805,990	2.45
GBP26,800,749	United Kingdom Gilt 4.5% 07/03/2019	28,182,328	2.58
GBP28,220,000	United Kingdom Gilt 1.75% 22/07/2019	28,812,140	2.63
GBP21,132,263	United Kingdom Gilt 3.75% 07/09/2019	22,370,191	2.05
GBP24,885,973	United Kingdom Gilt 4.75% 07/03/2020	27,311,061	2.50
GBP24,230,000	United Kingdom Gilt 2% 22/07/2020	25,174,946	2.30
GBP18,559,502	United Kingdom Gilt 3.75% 07/09/2020	20,221,004	1.85
GBP24,490,000	United Kingdom Gilt 1.5% 22/01/2021	25,200,210	2.30
GBP18,116,996	United Kingdom Gilt 8% 07/06/2021	22,811,110	2.09
GBP20,326,516	United Kingdom Gilt 3.75% 07/09/2021	22,718,947	2.08
GBP28,881,170	United Kingdom Gilt 4% 07/03/2022	32,977,097	3.02
GBP21,570,000	United Kingdom Gilt 0.5% 22/07/2022	21,330,055	1.95
GBP21,889,275	United Kingdom Gilt 1.75% 07/09/2022	22,924,638	2.10
		<b>353,623,008</b>	<b>32.35</b>
<b>Medium Dated — 13.37% (14.99%)</b>			
GBP8,400,000	United Kingdom Gilt 0.75% 22/07/2023	8,334,757	0.76
GBP20,950,000	United Kingdom Gilt 2.25% 07/09/2023	22,584,100	2.07
GBP20,305,000	United Kingdom Gilt 2.75% 07/09/2024	22,676,827	2.08
GBP26,477,897	United Kingdom Gilt 5% 07/03/2025	33,897,613	3.10
GBP20,830,000	United Kingdom Gilt 2% 07/09/2025	22,283,101	2.04
GBP20,245,000	United Kingdom Gilt 1.5% 22/07/2026	20,799,713	1.90
GBP15,630,000	United Kingdom Gilt 1.25% 22/07/2027	15,550,443	1.42
		<b>146,126,554</b>	<b>13.37</b>
<b>Long Dated — 51.63% (51.45%)</b>			
GBP23,423,159	United Kingdom Gilt 4.25% 07/12/2027	29,981,643	2.74
GBP14,292,343	United Kingdom Gilt 6% 07/12/2028	21,154,125	1.94
GBP25,428,382	United Kingdom Gilt 4.75% 07/12/2030	35,222,225	3.22
GBP26,474,958	United Kingdom Gilt 4.25% 07/06/2032	35,600,373	3.26

## Portfolio Statement continued

Holding/ Nominal Value	Investment	Market value £	% of Net Assets
<b>Long Dated — (cont.)</b>			
GBP23,967,664	United Kingdom Gilt 4.5% 07/09/2034	33,811,184	3.09
GBP22,490,227	United Kingdom Gilt 4.25% 07/03/2036	31,335,633	2.87
GBP7,143,520	United Kingdom Gilt 1.75% 07/09/2037	7,076,185	0.65
GBP18,889,004	United Kingdom Gilt 4.75% 07/12/2038	28,664,064	2.62
GBP17,114,644	United Kingdom Gilt 4.25% 07/09/2039	24,592,103	2.25
GBP18,711,435	United Kingdom Gilt 4.25% 07/12/2040	27,223,304	2.49
GBP20,752,477	United Kingdom Gilt 4.5% 07/12/2042	31,817,283	2.91
GBP19,669,500	United Kingdom Gilt 3.25% 22/01/2044	25,321,157	2.32
GBP21,068,000	United Kingdom Gilt 3.5% 22/01/2045	28,410,198	2.60
GBP16,595,787	United Kingdom Gilt 4.25% 07/12/2046	25,554,243	2.34
GBP15,551,306	United Kingdom Gilt 1.5% 22/07/2047	14,405,595	1.32
GBP14,885,025	United Kingdom Gilt 4.25% 07/12/2049	23,809,818	2.18
GBP17,812,116	United Kingdom Gilt 3.75% 22/07/2052	27,105,534	2.48
GBP19,567,680	United Kingdom Gilt 4.25% 07/12/2055	33,565,968	3.07
GBP6,870,000	United Kingdom Gilt 1.75% 22/07/2057	7,016,125	0.64
GBP17,477,779	United Kingdom Gilt 4% 22/01/2060	29,885,289	2.73
GBP14,420,000	United Kingdom Gilt 2.5% 22/07/2065	18,576,954	1.70
GBP14,680,000	United Kingdom Gilt 3.5% 22/07/2068	24,170,136	2.21
		<b>564,299,139</b>	<b>51.63</b>
<b>Portfolio of investments</b>		<b>1,064,048,701</b>	<b>97.35</b>
<b>Net other assets</b>		<b>28,960,239</b>	<b>2.65</b>
<b>Total net assets</b>		<b>£1,093,008,940</b>	<b>100.00%</b>

Total purchases for the period: £99,095,646.

Total sales for the period: £178,166,176.



## Financial Statements

### Statement of Total Return for the period ended 24 November 2017

	26/05/2017 to 24/11/2017 <sup>1</sup>		26/05/2016 to 25/11/2016	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/ gains		(24,644,499)		20,637,934
Revenue	8,776,592		10,730,150	
Expenses	(829,922)		(880,291)	
Interest payable and similar charges	–		(2,973)	
<b>Net revenue before taxation</b>	<u>7,946,670</u>		<u>9,846,886</u>	
Taxation	–		–	
<b>Net revenue after taxation for the period</b>		<u>7,946,670</u>		<u>9,846,886</u>
<b>Total return before distributions</b>		(16,697,829)		30,484,820
Distributions		<u>(8,361,620)</u>		<u>(10,287,034)</u>
<b>Change in net assets attributable to Unitholders from investment activities</b>		<u><b>£(25,059,449)</b></u>		<u><b>£20,197,786</b></u>

### Statement of Change in Net Assets attributable to Unitholders for the period ended 24 November 2017

	26/05/2017 to 24/11/2017 <sup>1</sup>		26/05/2016 to 25/11/2016	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		1,202,456,619		1,144,266,101
Amounts received on issue of units	72,596,662		261,088,200	
Amounts paid on cancellation of units	<u>(161,036,992)</u>		<u>(317,884,519)</u>	
		(88,440,330)		(56,796,319)
<b>Change in net assets attributable to Unitholders from investment activities</b>		(25,059,449)		20,197,786
Retained distributions on accumulation units		4,042,225		3,578,193
Unclaimed distributions		<u>9,875</u>		<u>–</u>
<b>Closing net assets attributable to Unitholders</b>		<u><b>£1,093,008,940</b></u>		<u><b>£1,111,245,761</b></u>

<sup>1</sup> The Trust's Interim accounting date, has been moved to 24 November 2017 in order to facilitate the closure of M-Class. See Significant Changes – Page 14.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

## Financial Statements continued

### Balance Sheet as at 24 November 2017

	24/11/17 <sup>1</sup> £	25/05/17 £
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	1,064,048,701	1,175,102,875
<b>Current assets:</b>		
Debtors	10,410,108	11,430,774
Cash and bank balances	22,919,174	21,200,876
<b>Total assets</b>	<b>1,097,377,983</b>	<b>1,207,734,525</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distributions payable	(3,768,453)	(4,517,502)
Other creditors	(600,590)	(760,404)
<b>Total liabilities</b>	<b>(4,369,043)</b>	<b>(5,277,906)</b>
<b>Net assets attributable to Unitholders</b>	<b>£1,093,008,940</b>	<b>£1,202,456,619</b>

<sup>1</sup> The Trust's Interim accounting date, has been moved to 24 November 2017 in order to facilitate the closure of M-Class. See Significant Changes – Page 14.

# Notes to the Financial Statements

## 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP).

## 2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

## Trust Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
F-Class			
Distribution Units	4,322	3,554	121.61
Accumulation Units	302,401	138,815	217.84
M-Class			
Distribution Units	194,310,970	159,063,023	122.16
Accumulation Units	415,575,800	189,146,294	219.71
I-Class			
Distribution Units	196,580,990	160,921,261	122.16
Accumulation Units	126,750,494	57,689,563	219.71
C-Class			
Distribution Units	133,506,117	109,122,939	122.34
Accumulation Units	25,977,846	11,793,284	220.28

**Past performance is not a guide to future performance.**

**The price of units and any income from them may go down as well as up.**

### Ongoing Charges Figures

	24 Nov 17	25 May 17
F-Class	0.37%	0.37%
M-Class	0.15%	0.15%
I-Class	0.15%	0.15%
C-Class	0.10%	0.10%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

## Trust Information continued

### Distribution Information

#### **F-Class**

The distribution payable on 24 January 2018 is 0.7934p per unit for distribution units and 1.4281p per unit for accumulation units.

#### **M-Class**

The distribution payable on 24 January 2018 is 0.8739p per unit for distribution units and 1.5607p per unit for accumulation units.

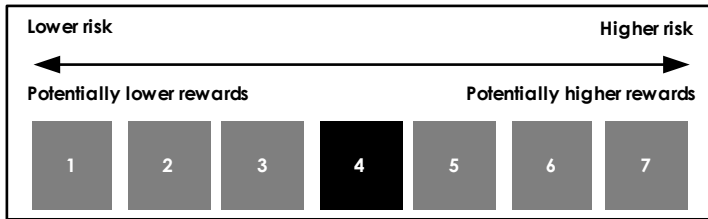
#### **I-Class**

The distribution payable on 24 January 2018 is 0.8739p per unit for distribution units and 1.5607p per unit for accumulation units.

#### **C-Class**

The distribution payable on 24 January 2018 is 0.8906p per unit for distribution units and 1.5921p per unit for accumulation units.

## Risk and Reward Profile



- This risk and reward profile is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category four because it invests in investment grade bonds which generally provide lower rewards and lower risks than other investments such as sub-investment grade bonds or company shares.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

## General Information

### Constitution

Launch date:	8 March 1981
Period end date for distribution:	25 May, 25 November 24 November <sup>^</sup>
Distribution dates:	25 July, 25 January 24 January <sup>^</sup>
Minimum initial lump sum investment:	F-Class* £500 M-Class £1,000,000 I-Class £1,000,000 C-Class** £100,000,000
Valuation point:	12 noon
Fund Management Fees:	F-Class* Annual 0.37% M-Class Annual 0.15% I-Class Annual 0.15% C-Class** Annual 0.10%
Initial charge:	F-Class* Nil M-Class Nil I-Class Nil C-Class** Nil

<sup>^</sup> See Significant Changes on page 14.

\* F-Class units are only available to:

- (i) investors who have received advice from authorised intermediaries and platforms in relation to their investment in units in the Trust and
- (ii) authorised intermediaries or distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

\*\* C-Class units are only available to distributors who actively market and distribute such units (or whom the Manager believes intends to do so) and to whom the Manager has confirmed by letter that they meet the criteria for investment in such units.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/fund-information/daily-fund-prices](http://www.legalandgeneral.com/investments/fund-information/daily-fund-prices) immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

### Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at [www.legalandgeneral.com](http://www.legalandgeneral.com). Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

## General Information continued

### ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

Call charges will vary. We may record and monitor calls.

### Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

### Information on Tracking Error

The 'Tracking Error' of a Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking error of the Trust is 0.01%, whilst over the last three years to the end of November 2017, the annualised Tracking Error of the Trust is 0.02%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.25% per annum.

### EU Savings Directive

The Trust has been reviewed against the requirements of the Directive 2003/48/EC on Taxation of savings in the form of interest payments (ESD), following the HM Revenue & Customs debt investment reporting guidance notes.

Under the Directive, information is collected about the payment of distributions to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with Tax authorities in those countries.

The Trust falls within the 25% debt investment reporting threshold. This means that details of all distributions and redemption proceeds paid to non UK investors will be reported by Legal & General (Unit Trust Managers) Limited to HM Revenue & Customs to be exchanged with the relevant Tax authorities.

### Significant Changes

#### Closure of M-Class

As at 24 November 2017, the M-Class was closed. All unitholders in the M-Class as at 24 November 2017 have been moved into the I-Class which is identical to the M-Class. The terms and charges are identical between the classes.

#### Change of Accounting Date

The Trust's Interim accounting date, usually 25 November, has been moved to 24 November 2017 in order to facilitate the closure of M-Class as detailed above. As such, the Trust's corresponding distribution payment date, usually 25 January will be made on 24 January 2018. The accounting and distribution payment will revert to their normal dates after this event.



## General Information continued

### Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
Telephone: 0370 050 3350  
Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager

R. M. Bartley  
A. J. C. Craven  
S. Hynes  
H. Solomon  
S. D. Thomas  
L. W. Toms  
A. R. Toutouchi\*  
M. J. Zinkula

\*Non-executive Director

### Secretary

J. McCarthy

### Registrar

Legal & General (Unit Trust Managers) Limited  
P.O. Box 6080,  
Wolverhampton WV1 9RB  
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956  
Enquiries: 0370 050 0955  
Registration: 0370 050 0955

Call charges will vary. We may record and monitor calls.

### Trustee

Northern Trust Global Services Limited  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Investment Adviser

Legal & General Investment Management Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority





**Authorised and regulated by the  
Financial Conduct Authority**

Legal & General  
(Unit Trust Managers) Limited  
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